

Overview: 2018 Fiscal Year Budget for Higher Education

By Claire Suggs, Senior Education Policy Analyst

Gov. Nathan Deal's proposed budget of nearly \$2.3 billion for the university system and approximately \$360 million for technical colleges includes money to increase salaries, which should help both systems attract and retain faculty. Still, state spending per student in the university system remains well below earlier levels so financial pressures that led to tuition hikes in prior years persist.

By the Numbers

Amended 2017 Fiscal Year Budget

- Adds about \$2.4 million to the university system's budget to establish the Georgia Center for Early Language and Literacy at Georgia College and State University
- Adds \$1 million to match a federal grant to the University of Georgia for an initiative on smart fabrics, which can perform functions including see, hear, communicate and regulate temperature
- Funding for technical college system remains largely the same

2018 Fiscal Year Budget

Funding for the University System of Georgia is set to increase \$153 million over the 2017 budget:

- \$43 million for statewide merit pay and recruitment and retention salary adjustments for system employees, including public librarians
- \$70 million added for enrollment growth and operating costs
- \$36.9 million for an increase in the employer share of the Teacher Retirement System
- \$9.9 million to cover an increase in the employer share of health insurance and retiree health benefits
- \$2.7 million for the Georgia Center for Early Language and Literacy
- \$8 million for facility improvements is proposed to be eliminated

Total spending for the technical college system is proposed to increase \$9.8 million, including:

- \$5.9 million for statewide merit pay and recruitment and retention salary adjustments for technical college employees
- \$1.2 million for greater operating costs for an increase in facility square footage
- About \$2.8 million for an increase in the employer share of the Teacher Retirement System

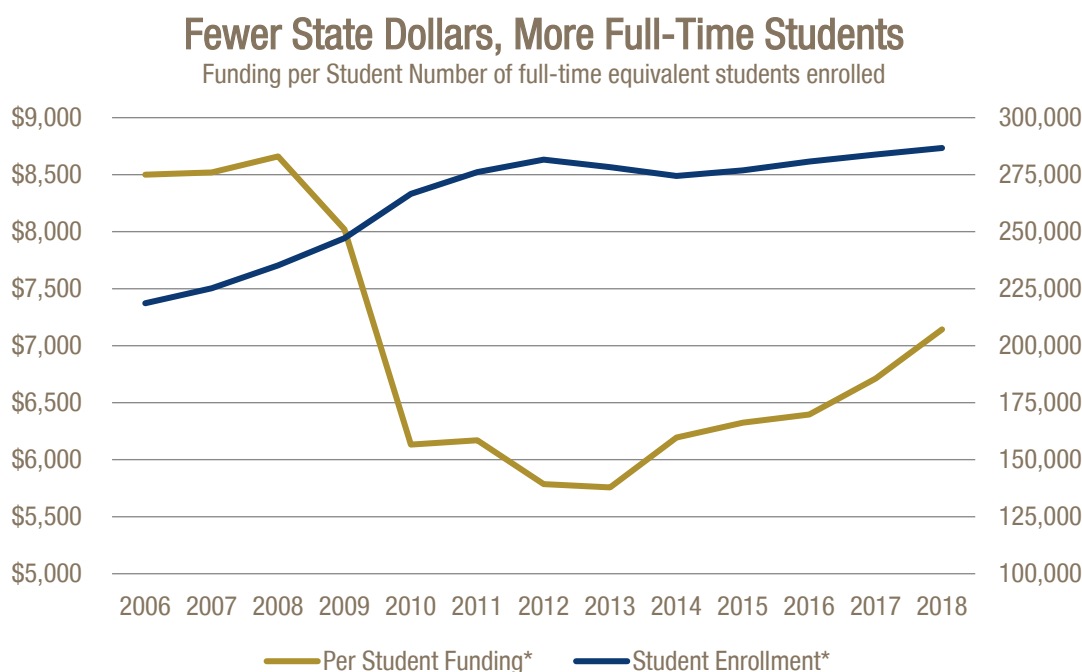
University System of Georgia

The \$153 million added to the university system's budget in the proposed 2018 budget is an increase of about 7 percent over the governor's 2017 proposal. About 28 percent of the increase, or \$43 million, is for merit-based pay adjustments and recruitment and retention initiatives. This builds on the funds added in the 2017 state budget to increase salaries and responds to a critical need: recruiting and retaining faculty. Georgia, once near the top in faculty compensation among southern states, slipped to the bottom half in recent years.

About \$70 million is added in the proposed 2018 budget to keep pace with student enrollment growth and facilities maintenance. For the third year in a row, student enrollment climbed slightly systemwide, although it fell at several

schools. Examples of enrollment drops from fall 2015 to fall 2016 include Albany State University's enrollment decline of nearly 13 percent, Atlanta Metropolitan State College's decline of nearly 13 percent and Darton State College's decline of nearly 27 percent.

The new money added in the proposed 2018 budget is progress but per-student funding for the university system remains far below prior years. Close to 90 percent of state funding for the system goes to its Teaching Program, which covers student instruction and activities that support it. Since the 2006 fiscal year, state funding per full-time equivalent student under the Teaching Program fell 16 percent once accounting for inflation.



Source: Amended Budget fiscal years 2006-2016, Budget Fiscal Year 2017, Governor's Budget Report Fiscal Year 2019; University System of Georgia, Semester Enrollment Reports, Fall 2006-Fall 2016; U.S. Department of Labor, Consumer Price Index Inflation Calculator, GBPI calculations assume 1 percent enrollment growth in fall 2017

**Full time equivalent (FTE) students*

The state's dwindling investment in the university system prompted recent tuition hikes, as the system relied more on that revenue to cover the shortfall. Tuition revenue now pays about 50 percent of the cost of educating students in the system, up from about 30 percent in the 2006 fiscal year.¹

Technical College System of Georgia

The proposed 2018 state budget for the technical college system is about \$360 million, or 2.8 percent more than 2017. Sixty percent of the increase is for a statewide salary hike for merit-based pay adjustments and recruitment and retention initiatives.

The system's largest unit is technical education, which houses its certificate, diploma and degree programs as well as continuing education. Spending for technical education is up about \$1.2 million for increased facility costs. Student enrollment is on the decline but funding is not reduced as a result. State funding per full-time equivalent student rose as a consequence.

¹ Georgia Department of Audits and Accounts. (2016) Special Report No. 16-16: Requested Information on Higher Education Cost Drivers.